Falcon Refinery Weekly Site Activity Report September 8, 2011

September 6, 2011

We were able to remove and transfer 3 loads (two loads from Tank 27 and one load from Tank 10) to tank 26. The materials in Tank 27 are becoming more difficult to remove (load/time) as the amount of free water has been reduced.

As water is reduced in the sludge, the concentrations of debris (rust, sediment) increase. The residual material in the tanks is more consolidated. The sludge is being removed from the tank with a larger crew. Daily temperatures are lower this week and have helped in the ability of the crew to maintain a very good pace working at removing the sludge.

This approach to removing material from Tanks 27 and Tanks 10 has the effect of mitigating excessive disposal costs by alternatively transferring the materials into Tank 26;

September 7, 2011

We were able to transfer 3 loads from Tank 27 to Tank 26. We met with Gainco and TROY Steel on the NW Property to inspect Tank 2 and surrounding area for piping and obstructions;

Sept 8, 2011

We continue to make progress with the removal of sludge from Tank 27. A crew of four is rotating through the tank (three inside with squeegees / one assisting outside).

We met with TROY Steel (Lonnie Kent) at the NW property this morning and performed another walkthrough (marking pipe obstructions & flagging them with caution tape. We began shearing Tank #2 this afternoon. It's possible that we will complete demolition of Tank 2 by the end of week.

Planned for September 9, 2011

Tomorrow we will collect a sample of water from Tank 26 for a bench scale analysis on chemical parameters of the water from that tank. Continue removing Sludge from Tanks 10 and Tanks 27;

Next Week
Move the shear to the center of the Refinery area. Begin removing the tops of tanks 17 to 24 to facilitate removal of liquids from the tanks. Continue removing Sludge from Tanks 10 and Tanks 27;